

BANKING DIVISION[187]

Notice of Intended Action

Proposing rule making related to regulated loan interest rates and providing an opportunity for public comment

The Iowa Division of Banking hereby proposes to amend Chapter 15, “Regulated Loans,” Iowa Administrative Code.

Legal Authority for Rule Making

This rule making is proposed under the authority provided in Iowa Code sections 17A.3, 536.13 and 536.21.

State or Federal Law Implemented

This rule making implements, in whole or in part, Iowa Code section 536.13.

Purpose and Summary

The proposed amendment revises the maximum interest rate brackets for lenders licensed under Iowa Code chapter 536. Currently, the maximum interest rates such lenders may charge are 36 percent APR on any part of an unpaid balance not exceeding \$3,000, 24 percent APR on any part of an unpaid balance that exceeds \$3,000 but does not exceed \$8,400, and 18 percent APR on any part of an unpaid balance that exceeds \$8,400 but does not exceed \$10,000.

In 2019, the Legislature enacted 2019 Iowa Acts, House File 260, which amended the authority of the Superintendent of Banking to establish maximum interest rates by rule for lenders licensed under Iowa Code chapter 536. Pursuant to Iowa Code section 536.13(7)“a” as amended by 2019 Iowa Acts, House File 260, the Superintendent is now authorized to establish maximum rates for loans with an unpaid balance of \$30,000 or less, rather than an unpaid balance of \$10,000 or less. The proposed amendment extends the range of the 18 percent bracket and authorizes lenders licensed under Iowa Code chapter 536 to charge an interest rate of 18 percent APR on any part of an unpaid balance exceeding \$8,400 but not exceeding \$30,000.

Fiscal Impact

This rule making has no fiscal impact to the State of Iowa.

Jobs Impact

After analysis and review of this rule making, no impact on jobs has been found.

Waivers

Any person who believes that the application of the discretionary provisions of this rule making would result in hardship or injustice to that person may petition the Division for a waiver of the discretionary provisions, if any, pursuant to 187—Chapter 12.

Public Comment

Any interested person may submit written comments concerning this proposed rule making. Written comments in response to this rule making must be received by the Division no later than 4:30 p.m. on February 7, 2020. Comments should be directed to:

Zak Hingst
Iowa Division of Banking
200 East Grand Avenue, Suite 300
Des Moines, Iowa 50309-1827
Email: zak.hingst@idob.state.ia.us

Public Hearing

No public hearing is scheduled at this time. As provided in Iowa Code section 17A.4(1)“b,” an oral presentation regarding this rule making may be demanded by 25 interested persons, a governmental subdivision, the Administrative Rules Review Committee, an agency, or an association having 25 or more members.

Review by Administrative Rules Review Committee

The Administrative Rules Review Committee, a bipartisan legislative committee which oversees rule making by executive branch agencies, may, on its own motion or on written request by any individual or group, review this rule making at its [regular monthly meeting](#) or at a special meeting. The Committee’s meetings are open to the public, and interested persons may be heard as provided in Iowa Code section 17A.8(6).

The following rule-making action is proposed:

Amend subrule 15.13(3) as follows:

15.13(3) Interest rate. Pursuant to the power granted to the superintendent under Iowa Code sections 536.13(1)“b” and 536.13(2), the maximum rate of interest that may be charged beginning ~~July 1, 2017~~ April 15, 2020, and until such time as a different rate is fixed by the superintendent, is 36 percent per annum on any part of the unpaid balance not exceeding \$3,000 and 24 percent per annum on any part of the unpaid balance in excess of \$3,000, but not exceeding \$8,400 and 18 percent per annum on any part of the unpaid balance in excess of \$8,400, but not exceeding ~~\$10,000~~ \$30,000.